

The COIN Program furnishes the following information solely for use by insurance companies, in accordance with California law, to provide notice of this investment. In no event should this bulletin or the information set forth herein be considered to be an offer of securities, which can only be made by means of the disclosure document available from the issuer of the securities referenced below. Each investor should conduct its own investigation, including inquiries to the issuer of the securities referenced below, to obtain information essential to making an independent informed investment decision.

California Housing & Affordable Mortgage Program

The COIN Program invites proposals for safe, sound and solvent investments that offer an acceptable financial return and that also provide tangible social and/or environmental benefits to underserved low-income and/or rural communities.

TYPE OF INVESTMENT –Reportable in NAIC Schedule D, Bonds

The California Housing & Affordable Mortgage Program (CHAMP) allows insurance companies to purchase a series of Collateralized Mortgage Obligations (CMOs), or Pass-throughs, comprised solely of agency-eligible residential mortgage loans on properties in California that are made exclusively to low and moderate income (LMI) borrowers (those with annual incomes of less than 80% of the HUD adjusted median income) and/or in LMI census tracts in California. The securities will be backed by a guarantee of timely payment of principal and interest from Fannie Mae, Freddie Mac, or in the case of Ginnie Mae, by the full faith and credit of the U.S. Government.

USE OF PROCEEDS

CMOs and pass-throughs in California Housing & Affordable Mortgage Program (CHAMP) represent an innovative approach to affordable housing capital products. Traditionally, LMI mortgages tend to have smaller balances and therefore, could be somewhat less attractive to originate. CHAMP seeks to increase the supply of affordable mortgage financing by: 1) providing financial incentives for lenders to originate LMI mortgages, and 2) encouraging insurance companies to become new sources of investment in affordable housing. The premium pricing provided to originators may assist in lowering the costs of affordable mortgage financing in California.

GEOGRAPHIC FOCUS/ SOCIAL IMPACT

These securities benefit low-income families in California urban and rural communities by providing affordable home ownership opportunities. CHAMP program demonstrates added value by creating a new and specially structured investment vehicle, not otherwise available, through which insurers are able to support affordable housing in California. In addition, it provides increased financial incentives to originators to make affordable loans.

ADDITIONAL INFORMATION

CHAMP will provide insurance company investors with a product that will be custom tailored to meet their expressed investment objectives, providing agency securities of high credit quality with market rate returns. Investors may help increase the supply of affordable mortgage financing through this new investment product.

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